



**MINUTES
PUBLIC MEETING
FRIDAY, FEBRUARY 16, 2007
9:00 AM**

IGCS TELECONFERENCE MEDIA CENTER ROOM

I. Call to Order/Roll Call

The meeting was called to order by Auditor Tim Berry at 9:00 AM.

Tim Berry, Ryan Kitchell, Richard Mourdock, Judy Rhodes, and Tony Armstrong were present.

II. Reading of the Minutes

Judy Rhodes moved to approve the minutes for the November 17, 2006 Public Meeting. Richard Mourdock seconded the motion and the minutes were approved unanimously.

III. Administrators Report

Tim Berry introduced the new State Treasurer Richard Mourdock and his Chief Deputy Jim Holden to the board members. Tim Berry announced that Jeff Heinzmann is no longer with the State Auditor's office and Deputy Auditor Kirke Willing will be handling the daily administration of the plan. Auditor Berry also announced that Lottie Hooyer will be assuming different responsibilities in the Auditor's office and welcomed Kathy Frick in her new role as the board's secretary.

Tim Berry suggested an audit be performed on the trust and/or the revenue sharing accounts. He is sure there is no problem and will keep the Board updated on the progress.

IV. Investment Management Consultant's Report

Janet Sweet of Capital Cities Investment Advisors gave a fourth quarter investment performance report. Four funds were specifically brought to attention of the Board.

Domini Social Equity: There was a change in strategy, management and price. However, the fund remains an appropriate socially responsible core equity option and performed as

expected. Capital Cities will continue to monitor for performance under the new strategy and management.

AllianceBernstein Growth & Income: The fund has experienced short and long term under performance. Capital Cities spoke with AllianceBernstein and found no change in personnel and that they are sticking with their philosophy and believe better returns in the next quarter. Capital Cities recommends keeping them on the Watchlist and will closely monitor performance.

Wells Fargo Advantage Capital Growth: Capital Cities will continue to monitor the Fund's performance with new Co-Portfolio Managers. Capital Cities would like to see better performance but comfortable with the way it is being managed.

Pimco Total Return Fund: Capital Cities reported recent under performance in the last quarter due to their philosophy and macro-view. Pimco's duration strategy is based on the strong conviction that the Fed will ease rates. The manager forms an opinion and sticks with it. Performance will continue to be monitored.

Julius Baer International Equity II: There was discussion whether it would make more sense to have one core international fund instead of two since Fidelity is no longer accepting new money. Julius Baer has performed better than Fidelity. Joe Bill Wiley responded that one is more desirable than two. This change might be appropriate when other changes are being made.

Joe Bill Wiley of Capital Cities Investments reported that under the new guidelines of the Pension Protection Act the Stable Value Option may no longer qualify as an appropriate default option for the Indiana Deferred Compensation Plan. However, the Indiana Deferred Compensation Plan is not governed by the Pension Protections Act (PPA) and he feels that in an effort to comply with the highest fiduciary standard it should be given careful consideration. Richard Mourdock mentioned that since the PPA is driving the decision to do something that until it is clearly defined no action should be taken. Tim Berry asked if it was possible to track the number of default participants. Bill L'Huillier responded, "yes". Tim Berry then asked Capital Cities to keep the Board apprised of any new developments regarding the PPA requirements or House Bill 1820 rather than waiting till May.

V. New/Old Business

Ryan Kitchell questioned if an engagement letter existed between Ice Miller and the Indiana Deferred Compensation Board. Tim Berry explained that Ice Miller could not produce an engagement letter and to consider themselves disengaged. Judy Rhodes stated she preferred legal counsel be in attendance at all meetings.

Auditor Berry stated that legal council was not necessary to be in attendance for every meeting. However, he assured the board that legal council would be used for any legal advisement.

VI. Adjournment

There being no further business before the Committee the meeting was adjourned at 10:25am.